Government have not lost sight of the importance of closely scrutinising the strength and cost of the several Departments of the State and effecting retrenchments wherever possible.

The increase in expenditure now provided is participated generally by all the principal spending Departments. An excess of Rs. 2¼ lakhs is allowed under Forests for conducting departmental operations on a more extensive scale. The charges under Stamps are likely to be exceeded by a sum of Rs. three-fourth of a lakh on account of the necessity for increasing the stock of water-marked paper and card boards in view of the growing demand for Stamps and Stamp papers. The allotment for Education is over Rs. 29½ lakhs which is Rs. 4 lakhs in excess of the expected expenditure for 1095. It is noteworthy that 16% of the entire State Revenue is now spent on education, The need for the advancement of education cannot be questioned and any amount judiciously spent on it is an asset to the State as the future development and prosperity of the State depend on the education of its people. Travancore may well be proud of the fact that she stands in the forefront of educational progress in India. The Agricultural Department was given a lump allotment of Rs. 40,000 in 1095 for its development and increased usefulness to the ryot. A sum of Rs. 50,000 is provided for 1096 for its further development. The reduction under Stationery is due to the fact that, since the arrears due to the Stationery contractor will be paid off during the current year, only the normal expenditure is expected during 1096. The allotment for P. W. D. is nearly the same as in the Revised Estimate and the provision is in excess of the original budget grant of 1095 by Rs. 2,31,700. It is a matter for regret that we are not at present in a position to make a larger provision for expenditure on works and communications.

CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.

11. An allotment of Rs. 40,700 only is provided for completing the construction of the Railway Line as far as the Valiathurai Pier.

WAYS AND MEANS.

12. The estimated opening cash balance at the beginning of 1096 is Rs. 71,18,700. The excess of Revenue over Ordinary Expenditure in that year is expected to be Rs. 2,19,800; while the net result of the Debt and Deposit transaction is anticipated to decrease the cash balance by a sum of Rs. 20,79,900, it being proposed to discharge in 1096 the loan of B. Rs. 25 lakhs due to the Bank of Madras. The Capital Expenditure not charged to Revenue will further reduce the cash balance by a sum of Rs. 40,700. The combined result of all the above transactions is to reduce the cash balance to Rs. 52,17,900 at the close of 1096. This sum will, it is expected, be adequate for the requirements of the next year, especially in view of the fact that the surplus investments of the Darbar amount to Rs. 77,73,100 and they will be available for any real emergency."

Mr. Krishna Aiyangar:—

"Sir,

Before proceeding with my observations on the Budget just presented, kindly permit me, sir, to tender you our respectful felicitations on your appointment by our Sovereign, as President of this Council. More than thirty years have elapsed since the Council was created and for the first time to-day in its history the Council is given the privilege of discussing the State Budget. It is no doubt a valuable privilege as you remarked. In the exercise of this privilege, however, the Members on this side of the House are seriously handicapped through lack of facilities of access to Departmental Reports and Budgets and other papers on which the Draft Budget put into our hands was prepared by Government. Under the circumstances, the criticism of Non-Official Members cannot always be well-informed and we cannot reasonably hope to effectively influence the administration of the State funds. I would suggest for your earnest consideration the desirability of creating a Finance Committee composed of Official and Non-Official Members of this Council to consider questions of Taxation and Retrenchment and preparation of the Budget, before the Budget is formally introduced into the Council. I believe an informal round table conference of such a Committee with all relevant papers at its disposal will be of very great use. Confidence will beget confidence and knowledge will inspire greater responsibility. The criticism of Non-Official Members will be intelligent and constructive and their co-operation whole-hearted. I am aware, sir, that Regulation I of 1095 does not provide for the appointment of the Finance Committee. Such appointment, however, is not opposed to the Statute. It is open to you, sir, as the Head of the Administration to order its creation. I commend the proposal for your sympathetic consideration. Now passing on to the Budget estimate for 1096, I may at the outset be permitted to congratulate the Government on the sound condition of its Finances

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The revenue of the State has been steadily growing up. From Rs. one hundred and twenty eight lakhs in 1086, it has risen to Rs. one hundred and eighty-two laks in 1095. On the expenditure side too, the growth is equally remarkable in this decade. It was rupees one hundred and eighteen lakhs in 1086 and it will be one hundred and seventy-three lakhs in 1095. There has thus been an increase of very nearly 50% under both the heads. We realise that the requirements of a progressive administration demand an increasing expenditure more especially in view of the situation created by high prices. I respectfully submit that these considerations do not appear to have been extended to the Judicial Department of the State. According to the latest Quarterly Civil List, there are 33 permanent District Munsiffs—three of them on a salary of Rs. 300 per mensem, six on Rs. 250, ten on Rs. 200 and fourteen on Rs. 150. I believe there are six temporary District Munsiffs on Rs. 150. There are six District Judges—one on Rs. 600 a month and the rest on Rs. 500. Two Second and Additional judges are in the permanent sanctioned strength on Rs. 400 each. There is no Time-Scale sanctioned for the Judicial Department. A Time-Scale is provided in practically all the other important Departments of the State, and Judges and Munsiffs are the only important exceptions to the rule. The other Departments have all been reorganised in recent times and that accounts for the provision of a Time-Scale. The last reorganisation of the Judicial Department was made more than twenty five years ago when three classes of Munsiffs were created—the first class on Rs. 250, the second class on Rs. 200 and the third class on Rs. 150. The strength of each of these classes was the same. About seven or eight years ago a new class of three Munsiffs on Rs. 300 each was sanctioned. Three Munsiffs at the time who had reached the maximum of Rs. 250 allowed till then for the Munsiffs had not the necessary professional qualifications laid down by the Government for the place of District and Second Judges and were superseded by their juniors. As a special consideration for them this additional class of three Munsiffs on Rs. 300 each was sanctioned and even after their retirement this grade was continued. I cannot seriously regard this as a reorganisation of the Department or an adequate recognition of the claims of Munsiffs for an increased salary. For the last reorgnisation really therefore we have to go more than twenty five years back. The revenue of the State since those days has more than doubled; the cost of living, since then, has increased enormously, and yet no attempt appears to have been made by Government to give the Judicial officers the much-needed relief. In point of efficiency and purity the Judicial officers of the State may safely challenge comparison with any other branch of the Public Service here, or with any branch of the Public Service elsewhere. The Judicial Service is now manned by men of high academical and professional qualifications, men of high character and ideals of duty, and it is the solemn duty of Government to accord to them necessary financial help to maintain the prestige of their high office. With a full sense of responsibility, I submit that justice has not been done by Government to the Judicial officers of the State. Let me take a typical case. Two Graduates-in-law are recruited from the bar on the same date, one as a District Court Sirkar Vakil and the other as a Munsiff. Both start with a monthly salary of 150 rupees. The Sirkar Vakil reaches his maximum of Rs. 250 in four years. No one knows when the Munsiff recruited on the same date will be getting at least Rs. 200. Death, retirement or promotion in the higher ranks and that occurring at very frequent intervals alone may ensure the prospect of the Munsiff getting a salary of Rs. 200. The sanctioned strength in the first three classes is only three on Rs. 300 six on Rs. 250, and ten on Rs. 200. The last class is fourteen. If the strength in each grade was equal it would have made at least a slight improvement in the situation. It cannot be pretended that the work of a Munsiff is less onerous or less exacting than that of other officers enjoying the privilege of a Time-Scale, ensuring a steady increase at intervals and guaranteeing the maximum salary sanctioned for the place within a reasonable period. I trust that want of funds will not be seriously urged against the claim for an increase of salary for Munsiffs and Judges. Let us examine the figures of receipts and of expenditure for the decade ending 1095. The receipts from the sale of Court Fee stamps in 1086 was Rs.9·65 lakhs in 1087, 10·30 lakhs; in 1088;, 10·05 lakhs; in 1089, 11·68 lakhs; in 1090, 11·44 lakhs; in 1091, 12·48 lakhs; in 1092, 13·34 lakhs; in 1093, 13·36 lakhs; in 1094, 15·31 lakhs; and in 1095 according to the revised Budget 15·25 lakhs. You will observe, sir, that the revenue under this head has been steadily increasing. By far the largest portion of this revenue is from Munsiffs' Courts, District Courts, and the High Court. The income from the Magistrates' Courts under this head by way of petition fees and copying fees would be but nominal. The expenditure incurred by Government on the High Court, the District Courts, and Munsiffs Courts was Rs. 5·12 lakhs in 1086. In the succeeding years till 1091 the expenditure was less than Rs. 6 lakhs, in 1092, it was 6·03 lakhs; in 1093, 5·94 lakhs; in 1094, 6·09 lakhs and in 1095, 6·35 lakhs. The increasing expenditure in later years was due to the opening of more Courts and the appointment of temporary Judges and Munsiffs. The income for 1096 under the head of Court

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Fee stamps according to the Draft Budget Estimate is Rs. 15·25 lakhs, and the expenditure on the High Court, District and Munsiffs' Courts is put down as 6·79 lakhs. Taking the figures for the five years ending 1095, Government appears to have made an annual saving of very nearly Rs. eight lakhs on an average from the administration of justice. I know I have omitted from this calculation one important item of expenditure usually debited to Law and Justice, *i. e.*, one-third of the land revenue charges for the administration of Criminal Justice by the Magistrates. I have not included under the head of income receipts from fines in Magistrates' Courts. Taking the latter roughly at Rs. half a lakh and the former at Rs. one and a half lakhs, the balance to be accounted for will be about Rs. one lakh. Even after deducting this, there is a saving of about seven lakhs every year. I am afraid that it is too late in the day to contend that Government should not tax the litigant public more than is absolutely necessary for meeting the cost of administration of justice. But I believe I shall not be wrong in submitting that the saving should be earmarked in the first instance to meet the legitimate requirements of the Department, before it is diverted to other branches of the Administration. In the recent reorganisation of the Provincial Judicial Service in the Madras Presidency I believe the Munsiffs are given a Time-Scale from Rs. 300 to 600, with an efficiency bar at Rs. 500. Sub-Judges and District Judges have received a corresponding increase. I know our funds will not permit of an equally generous recognition of the work of our Judicial officers. I should however think that a Time-Scale of Rs. 200–350 for Munsiffs, Rs. 400–500 for Second Judges and, Rs. 600–700 for District Judges cannot be viewed as an extravagant suggestion. An annual increment of Rs. 25 to Munsiffs and Rs. 50 for Judges would be a fair scale of increase. I do not feel competent to speak on the work and the salary of their Honors the Judges of the High Court. I leave it to Government to fix their salary in a manner consistent with their exalted office. In all earnestness I submit, a contented judiciary is an important element in ensuring stability of Governments. I am aware in answer to one of the interpellations to-day on judicial reorganisation we were told 'the matter is engaging the attention of the Government'. I feel confident that it will receive sympathetic consideration. The reorganisation of the Department as a whole may take some time. Pending the final disposal of the question I would suggest some prompt relief may be given to Munsiffs and District and Second Judges in the shape of an immediate increase of their salaries *i. e.*, Rs. 50 to each of the Munsiffs per mensem and Rs. 100 to each of the District and Second Judges. The additional expenditure that will be entailed by the acceptance of this proposal will not exceed Rs. 35,000 a year. In the trying times through which we are passing this immediate increase will be of some substantial help to them. One other point I wish to bring to the notice of the Council and with that I close. I refer to the insufficient allotment of funds in recent years to the P. W. D., especially in the matter of original communications. The allotment for the P. W. D. in 1087 was Rs. 25·09 lakhs; in 1088, it was 33·56 lakhs; in 1089, 35·53 lakhs, and in 1090, 35·04 lakhs. It was slightly over Rs. 23 lakhs in 1091, 1092 and 1093. In 1094 it was Rs. 22·23 lakhs and in 1095, 25·09 lakhs and under the Draft Budget for the coming year it is 23·73 lakhs. The expenditure under the head of communications—original works, was, Rs. 5·84 lakhs in 1087, 7·86 lakhs in 1088, 9·66 lakhs in 1089 and 10·26 lakhs in 1090. The expenditure under this head in the succeeding years never exceeded Rs. 5·16 lakhs, the figure for 1095. I respectfully submit that the allotment to the P. W. D. in general, and original communications in particular, was extremely inadequate to meet the growing requirements of the country. While the general revenue of the State was steadily going up from Rs. 149 lakhs in 1090 to 182 lakhs in 1095, and while the expenditure of the State in other progressive Departments was also steadily going up, it is to be regretted that the Government felt it necessary to substantially cut down the allotment to the P. W. D. from Rs. 35·04 lakhs in 1090 to 23·73 lakhs in 1096. Possibly the abnormal economic conditions, which the great war brought in its wake, paralysing trade and industry, weighed with Government powerfully as justifying this reduction. It was not, however, possible to effect any saving under the head of Direction as no portion of the establishment is recruited on a temporary basis as in the Madras Presidency. From the Civil list I find that the sanctioned strength of the superior establishment consists of the Chief Engineer, a Deputy Chief Engineer, nine Executive Engineers, fifteen Assistant Engineers and three Sub-Engineers. Sufficient work could certainly not have been found for them owing to insufficient allotment made for the Department. In these days of quick transport, with the Railway running from Shencottah to Trivandrum, Motor Car and Motor Busses and Motor and Steam Launches, I submit for careful investigation by Government whether it is not possible to effect a substantial reduction in directing agencies, not merely in the P. W. D. but in the other Departments of the State as well. The Expenditure in the P. W. D. alone under the head of Direction has been about Rs. 4 lakhs. With the return of normal conditions there is no

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longer any justification for not providing the P. W. D. with funds at least on the scale followed till 1090. Important taluks like Shertallay are without adequate facilities of communication. The only land communication with the town of Alleppey is an yielding sandy track. More than twenty years ago when famine conditions were prevailing, a road from Alleppey to Shertallay was started as a relief work. The earth work was finished for a couple of miles. Famine conditions ceased and the work was abandoned. Shertallay, sir, is one of our frontier taluks in the North. Till about forty years ago it was the Head Quarters of the Northern Division when it was shifted to Kottayam. Kottayam's gain has been Shertallay's loss. In point of revenue it occupies a front place amongst the taluks of the State. Except for a very short distance in the town of Shertallay there are no metalled roads in the taluk. Between the sea on the west and the stormy Vempanad lake on the east, is an extensive sandy area eminently fitted for the cultivation of the cocoanut palm. Development of the taluk is seriously arrested owing to lack of facilities of internal communication. The appeal for help in this direction from the inhabitants of the Shertallay taluk for a long period turned out to be a cry in the wilderness. After all, a scheme, known as the Alleppey-Shertallay Canal, on which I interpellated to-day, was sanctioned by Government. The proposed length of the Canal was about thirteen miles. The necessary land was assumed and the work was started about seven or eight years ago. One mile at each end of the canal was completed. A sum of nearly three lakhs of rupees was spent on the work. Four years ago further work was suspended, presumably on the ground that the work could not be completed on the sanctioned estimate. From the answer to my interpellation to-day I find that Government have issued orders to the Chief Engineer to suspend further investigation in connection with the canal and to submit an estimate for the investigation of a light Railway in place of the canal. In the Administration Report for 1091, it is said that further work was held in abeyance as the cost was prohibitive and the question whether a canal or a road or a light railway would be cheaper was under consideration. Even at the end of four years it has not gone beyond the stage of consideration. To say the least, the treatment accorded by the Government to the Shertallay taluk has been very tantalising. I take it that the Canal Scheme was duly investigated by the expert officers of the P. W. D. before the Scheme was sanctioned by the Government and the work started. It was expected at the time, that the Canal would open out a bright future for the taluk. It was regarded as a deliberate boon to that backward taluk to compensate for half a century of neglect. In one of the recent issues of the Times of India, Illustrated Weekly, Bombay, a writer apparently well-informed, writing on the subject, says that the work, if completed, would open out twenty thousand acres of land for cocoanut plantation. That means untold wealth. The grounds urged for stopping the work do not commend themselves to laymen. I have yet to come across an Engineer who had not to revise his estimates a number of times before a big work of this character was completed. What is the history of the Kodayar Project? What about the Periyar Dam? I remember when the Kodayar Project was sanctioned, it was anticipated that it would pay a good dividend on the investment. Those hopes have yet to be realised. What were the resources of the Darbar at that time? Were they commensurate with the inauguration of such a big and costly scheme? Did not the opponents of the scheme object to it on the ground that the cost was prohibitive? I should not be understood as condemning the Project as an act of financial extravagance. I myself have always felt that large Engineering Schemes which would develop the material wealth of the country should not be viewed from the standpoint of a Company Promoter. Extensive areas that were till then lying fallow are now watered by the Kodayar and are now producing an enormous quantity of food-stuffs in the country. My submission is that similar considerations ought to be extended to people in the Northern Division of the State as well and not confined to the Southern and Trivandrum Divisions. Spread over a number of years, the execution of the work would not be a heavy burden on the finances of the State. I have grave doubts whether a light Railway would be half so useful as a canal in opening up the interior of the taluk. A light Railway from Shertallay to Alleppey cannot play any important part in the development of the taluk unless the light Railway runs along the whole of the coast from Quilon northwards, through the taluks of Ambalapuzha and Shertallay, on to the neighbourhood of the proposed Cochin Harbour. Coming to the town of Alleppey itself, it is, sir, the premier port of the State. It will be news to you, sir, to know that this important centre of trade and industry is not connected with the main-road system of the State. I remember some eight or ten years ago the Members of the Sri Mulam Popular Assembly coming from the Quilon Division were elected to meet and settle the order of urgency in which roads should be opened in the Quilon Division. I believe they unanimously selected the Alleppey-Quilon Road as the first in the order of urgency and importance. The work has not been finished up till

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now. Then again in view of the importance of Alleppey a system of road extension was investigated by the P. W. D. under orders from Government. Estimates were prepared and they were finally sanctioned by Government. That was about eight years ago. Only one of the roads covered by the scheme has been opened. Funds have not been provided for the rest. I dare say similar schemes have been investigated in the past with reference to other parts of the country and estimates sanctioned, the work, however, not being carried out. I would suggest, sir, for the consideration of the Government the undesirability of directing investigation of new schemes of communication until the schemes already investigated and sanctioned are carried out. I have always felt that education, sanitation, and facilities of communication form the tripod of national progress. The first of these has received adequate recognition at the hands of Government and I plead, with all the earnestness that I can, for very much larger expenditure under the head of Communications-Original Works. Costly and ornamental buildings are no doubt desirable additions from an æsthetic point of view. When we have plenty of money and we do not know what to do with it, we may well invest it in highly architectural buildings of a costly type. Till then the priority of claim over available funds must rest with communications. In conclusion, I must say we feel thankful to Government for the provision of an additional lakh of rupees for communications over the figures of the Draft Budget Estimate for 1096, which the correction slip put into our hands to-day shows.

Mr. G. Parameswaran Pillai:—

"SIR,

Let me begin by associating myself with the cordial welcome offered on our behalf by Mr. Krishna Aiyangar on your appointment as Dewan of the State. Your reputation as an able administrator and a good student of economics has already preceded you and as the trusted Minister of His Highness the Maha Raja-whose solicitude for the welfare of his subjects has become proverbial---it is our fervent hope that you will during your period of administration organise and bring into fruition several measures of public utility calculated to further develop the material prosperity of the State. I need hardly assure you that in every endeavour of yours for the improvement of the moral and material well-being of the people you can rely on the fullest measure of co-operation from every non-official in the State. It is also auspicious that the Budget discussion in the Council should be presided over for the first time by one who has had a brilliant course of training in Economics.

2. At the outset, Sir, I would invite you to recognise the difficulties that beset the Non-Official Members in the matter of discussing the State Budget during this session. Our difficulties due to want of sufficient data for purposes of comparison and study have been enhanced considerably by the fact that scarcely two weeks' time was left to us to consider the Draft Budget. I understand that in Mysore nearly two months' time is allowed to Non-Official Members before the State Budget is taken up for discussion in Council and there is nothing here to prevent at least one month's time being allowed to us. I am not aware of the special circumstances that may have contributed to the Budget being hurried through this year. I have referred to this point to prevent the contingency of this being followed as a precedent. Had I more time at my disposal I would not have contented myself by offering the general criticisms which I propose to place before the Council presently, but would have tried to examine several of the important items in greater detail and subjected them to a closer scrutiny.

Besides, the Non-Official Members have now no means of obtaining due explanations of Budget figures and of understanding clearly the intentions and policy of Government so that they might make their observations with all available figures and data before them. *The Explanatory Memorandum* prefixed to the Draft Budget has been modelled on similar statements in previous years and has failed to take note of our requirements in the matter and the altered circumstances in which it is being issued. I regret to observe that the *Explanatory Memorandum* is not at all as useful as it could be made. Besides comparing the actuals of 1094 with the Budget and Revised figures of 1095 and giving the usual stereo-typed reasons for variations it does very little else. It fails to give any clear idea of the financial policy of Government. But, we are deeply thankful to you for making a statement of your policy in certain directions in the course of your opening speech.

In this connection, as pointed out by Mr. Krishna Aiyangar, I would suggest the desirability of a Budget Committee (or Standing Committee) being formed consisting of Official and Non-Official Members who may be asked to consider the preliminary Budget before it is issued for discussion in the Council.

A re-classification of the service heads of Receipts and Expenditure appears to be necessary. As an instance, I might refer to the Law College and the Sri Mulam Technical School and certain Minor Departments which though under the administrative control

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of Departments other than that of Education, still represent but different phases of education. The Receipts and Expenditure under the above items have logically to be included under Education proper. Expenditure on account of legal education is certainly not a legitimate charge on the judiciary. It is not meant that the administrative control of either of the above institutions should be vested in the Director of Public Instruction. The Public Library, the Museum, the Department for Publication of Ancient Manuscripts, and the Public Lecture Committee should also go into the Education Budget. It is interesting to learn that elsewhere expenditure on educational buildings is treated as part of expenditure under Education. This is no minor matter.

The next point that I would urge for your consideration is the desirability of issuing the detailed P. W. D. Estimates along with the State Budget. In fact, the P. W. D. is not only the largest spending Department but is one which intimately affects the material well-being of the people. Besides the all-comprehensive statement in the Draft Budget showing the consolidated amount estimated under original works of buildings and communications, the Draft Budget gives no idea as to how these large sums are intended to be spent and under what particular items. The Department may be allowed a reasonable measure of discretion in this direction; but it will be useful from the people's point of view if the Council were also given an opportunity to express their views before the Departmental Estimates are finally adopted by Government. Otherwise, there is the danger that works which are really not public works but which may be conducive only to the comforts of single individuals are considered more urgent than the most crying needs of a town or taluk. I am fortified in this view by the instances brought to notice of this Council by Mr. Krishna Aiyangar just a while ago. As another instance, the need for public latrines for the town of Trivandrum has been pressed upon Government during the past few years. The necessary estimates for the purpose have also been sanctioned by Government about more than three years ago, but the work has not yet been completed. Even the Government cannot claim that all the money that has since been spent in the town was utilised for more pressing needs. Numerous instances might be quoted, but it would be invidious to do so. It is a well-recognised principle of economics that utilisation of public funds for the benefit of a few individuals is a form of onerous taxation. I must therefore urge that the Council should be given an opportunity of considering the distribution of the total allotment under the several heads and the several taluks. I might add that in Mysore this practice has been adopted.

My next suggestion is that instead of financial forecasts being made from year to year *a scheme of financial settlement* for a period of, say three or five years, ought to be devised which may be revised at the beginning of each year. At present, grants for the development of Departments are not made on any definite principle. There being no recognised policy in the matter of allotments the Departments which are more insistent frequently get all that they desire, while others who are less noisy go without adequate provision. A scheme of settlement somewhat on the lines of Datta's Scheme of Financial Settlement in Mysore may be devised. That is to say, "the revenue must be so allotted to different Departments to meet their present scale of expenditure as well as the amount required immediately for improving efficiency. The Departments must get these amounts as annual assignments as also a definite share of the growth of revenues of the State in accordance with their relative importance in order to enable them to meet the normal growth of expenditure necessitated by the growing needs of the administration. If there is an actual decrease in the revenue in any year the deficiency will have to be met by the Departments at the rates of the percentages of growth of revenue allotted to them by a reduction of their expenditure in different directions.

"A pro-forma account will be kept for each group of Departments which will be credited in the account with its initial assignment for expenditure and its share of the growth of revenue to which it is entitled under the scheme and will be debited with the actual expenditure incurred and the balance will be carried forward from year to year, so that schemes for additional expenditure may be considered with reference to the resources available for the Department concerned. Each Department should then be in a position to know to what extent additional expenditure can be incurred to improve its efficiency and schemes sanctioned for one Department will not interfere with schemes for other Departments.

The allotments made to the different Departments which are not actually spent during the year will be charged off the revenue accounts of each year under a special head "Unspent allotments added to Departmental Balances." Similarly when expenditure is incurred from past accumulations of a Department the excess over the allotment for the year will be deducted from the total expenditure of the year under the head "Expenditure met from Departmental Balances." The unspent allotments or expenditure met from past balances will not thus affect the revenue surplus or deficit of the year concerned.

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The above scheme would stimulate departmental officers to improve the efficiency of their Departments and at the same time act as a restrictive against extravagance. It would enable proper attention to be paid by Government to all Departments, would prevent actual surplus from lapsing for purposes of revenue expenditure. It will be available for expenditure in future years and, when spent, will not produce a deficit in the general accounts of the years in which the expenditure is incurred. It will prevent schemes being hurriedly got through in order to prevent the grants from lapsing at the end of the year. Every group of Departments will have its due share of the benefits arising from the prosperity of the State and will be responsible for its due share of the adversity of the State as well (*Vide* G. O. dated 13th July 1917, Mysore Government).

Such a scheme of settlement is all the more essential in Travancore so as to ensure a large settled policy on the part of the Heads of Administration. Here, the Head of Administration ordinarily changes once in five or six years and by the time each one is in a position to handle important problems it will perhaps be time for him to think of leaving this. And, ordinarily his knowledge and experience are lost to us because he may not be with us after retirement. Under these circumstances it is essential that the Administrators should look far ahead and calculate our resources and requirements for a definite number of years in advance.

Certain additions and subtractions effected in the several heads of account from year to year without laying down any well defined policy do not constitute sound finance. It may even be that as a result thereof a well balanced financial statement may be shown with *a large surplus*. An equilibrium between the ordinary revenue and expenditure is very essential and a moderate surplus may also be provided for. But anything beyond this must be deemed to be opposed to all accepted canons of sound finance. The Administration Reports from the year 1091 showed progressive surplus till at last in 1094 it reached the highest figure of Rs. 20 lakhs. It was Rs. 7 lakhs in 1091, 10 lakhs in 1092, and 4·33 in 93 and 20 lakhs in 1094; the fall in 1093 being only apparent since an extraordinary expenditure of Rs. 8 lakhs had to be incurred that year. With all respect Sir, I cannot bring myself to believe that *the surplus of Rs. 20 lakhs in 1094* is a matter for congratulation. The above period may be said to have been one of general economic depression and in the year 1094 in spite of the cessation of hostilities the State was passing through what may be termed famine conditions. The miseries and horrors reported in those days owing to food-scarcity and other causes have been burnt into our soul. During such period of deep economic stress that Government should have managed to show a surplus of Rs. 20 lakhs bespeaks one of two things; either there was unnecessary curtailment of useful expenditure or the Government were collecting from the people more than was sufficient for the needs of administration during an exceptionally bad period. In neither case is the policy of Government justified and it is astonishing that this elementary fact has not been recognised. But we must acknowledge that the surplus of Rs. 2 lakhs provided in the Draft Budget for 1096 is moderate under the circumstances.

While on this topic I might also point out one circumstance evidenced by certain figures, *viz.*, that there has been an *over estimate of expenditure and an under estimate of revenues under* certain major heads of account. The result, of course, is a large surplus at the end of the year.

Take for instance the budgetted surplus and the actual surplus for the last five years:—

Year.	Budgetted surplus.	Actual surplus.
1091	Rs. 51,700	7 lakhs. ,,
1092	,, 4·4 lakhs	10·19. ,,
1093	,, 1·35 ,,	4·33. [8 lakhs extraordinary expenditure.]
1094	,, 4·07 ,,	20·88. lakhs.
1095	,, 6·15 ,,	9·70 lakhs. (Revised Estimate.)

Again, the following figures speak for themselves:

Excise.

Year.	Estimated Receipts.	Actuals.
1090	Rs. 32·40 lakhs	33·85 lakhs.
1092	,, 31·13 ,,	35·19. ,,
1093	,, 34·08 ,,	34·87 ,,
1094	,, 34·70 ,,	36·53 ,,
1095	,, 35·94 ,,	37·17 ,, (Revised Estimate.)

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As if to dispel the charge of under-estimating, the Draft Budget for 1096 has anticipated a revenue of Rs. 40 lakhs, under Excise.

Stamps.

Year.	Estimated Receipts.	Actuals.
1091	Rs. 18·25 lakhs	Rs. 19·44 lakhs.
1092	,, 19·20 ,,	,, 20·46 ,,
1093	,, 20·03 ,,	,, 20·53 ,,
1094	,, 19·72 ,,	,, 23·52 ,,
1095	,, 23·00 ,,	,, 24·74 ,, (Revised figure.)

Expenditure.

	Year.	Budgetted.	Actuals.
Forest.	1090	Rs. 9·85 lakhs.	Rs. 8·58 lakhs.
	1091	,, 8·31 ,,	,, 7·84 ,,
	1093	,, 8·00 ,,	,, 6·50 ,,
	1094	,, 7·26 ,,	,, 6·51 ,,
	1095	,, 7·67 ,,	,, 6·23 (Revised figure.)

Under education too the budgetted expenditure has not been incurred for some years past. Are such estimates made intentionally or unintentionally? If the former, it means that there is a desire to get credit for extraordinary efficiency which has led to an increase in the revenue and stringent scrutiny of expenditure. If unintentional, it implies a remarkable inability on the part of the trained and experienced financiers of the State and of the Heads of Departments to make even approximately correct forecasts of income and expenditure which they are brought into contact with every day of their official life. Both ways the result is not creditable. The guesses of trained officials and the Finance Department are expected to indicate a greater degree of approximation to actuality than those of untrained lay critics.

My next and important suggestion is the appointment of a Financial Commission to review our financial resources, to readjust and improve the existing scheme of taxation and to readjust the public expenditure on a more equitable basis.

Sir, of late there has been a loud outcry that the public service charges under salaries, establishment and allowances are disproportionately high and that the administration is getting too costly for the needs and requirements of the State. No definite pronouncement can now be made as to how far the popular fears in this respect are well-founded. But the following statistics show an alarming state of affairs. Take the figures of the past decade. Increase in expenditure under the various heads are as below :—

Department.	*Expenditure in 1084.*	*Revised figure for 1095.*	*Budget for 1096.*
Land Revenue	Rs. 4·82 lakhs	7·82 lakhs	8·32 lakhs.
Huzur Office	,, 1·44 ,,	2·27 ,,	2·20 ,,
Account Office	,, 55,900	83,500	91,300
Police	,, 2·50 lakhs	4·40 lakhs	4·85 lakhs.
Excise	,, 1·64 ,,	2·59 ,,	2·59 ,,
Salt	,, 13,900	32,800	37,900
Forest	,, 1·25 lakhs	2·31 lakhs	2·40 lakhs.

These constitute but some of the more important Departments where increase is very prominent. Some other Departments have not shared a proportionate increase. Increased expenditure does not necessarily mean extravagance but it has not always meant increased efficiency either. It is certainly a fit matter for enquiry as to whether the above rate of increase in public service charges was necessary or justifiable. The matter deserves to be carefully gone into, in view of the fact that some of the Departments are overmanned and under-paid, while others both under-staffed and under-paid. It is very consoling that you recognise the necessity for increasing the scale of pay to the subordinate service. Any impartial observer must be struck at the large number employed but with quite an inadequate scale of pay to the subordinate service. Again it is curious that there is no uniformity in the matter of pay fixed for equally qualified men in different Departments. A graduate who has the misfortune to seek admission as a clerk in the Hon'ble High Court must be satisfied with the starvation allowance of Rs. 20 per mensem, while his more fortunate brother who manages to get admission in the northern wing of the same block of buildings gets just double that amount. In most cases the Travancore subordinate service is in a truly pitiable condition. Government have to recognise sooner or later that there is no rise in their income with the rise in prices and that

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to continue to ignore their claims for better treatment means continued loss of efficiency and thorough demoralisation of public service. Even the superior service is not without its disparities. The Chief Engineer is paid more than the Chief Justice of the State, the latter being equal in status only to the Director of Public Instruction. The Police Commissioner is paid more than a Puisne Judge of the High Court; and my friend Mr. Krishna Aiyangar has to-day revealed the status of the lower Judiciary. Severe retrenchment may have to be effected in certain quarters and readjustment made in others. All these matters of detail cannot profitably be discussed during this session of the Council. Meanwhile, it is desirable to appoint a competent commission who should carefully go into the whole question of Public Service charges and draw up schemes of revision and improvement.

It will not be enough if the cost of administration is revised and readjusted, but there are other important matters as well that should engage the early attention *of a financial commission.*

Government have already begun to recognise that they are bound to provide a larger growth of expenditure for the social development and regeneration of the country. After the Lloyd George Budget of 1909 which openly accepted the position that taxation might and should be used for social regeneration, Sir Edward Law declared in 1911 that the question of social development was one in which those responsible for the financial situation were bound to take the keenest interest. Here too there has admittedly been growth of expenditure on such Departments as Education, Medical and Sanitary, Agriculture and Industries. But how far it has contributed towards the real development or material prosperity of the State is a matter for enquiry. Further, there are other fields of activity where not much headway has yet been made. Expenditure under education has risen from Rs. 7·60 lakhs in 1085 to 23·46 lakhs in 1094, 25·57 in 1095 and the Budget for 1096 provides 29·60 lakhs. But expenditure under Public Health and Sanitation has remained practically stationary. The increase is not appreciable. Although the total expenditure under Medical and Sanitary has risen from Rs. 4·87 lakhs in 1085 to 6·11 in 1090 and 7·26 under the revised estimate of 1095, the rise is almost entirely under Medical Department probably due to the rise in the price of imported medicines and establishment of additional dispensaries. The Municipalities got a subsidy of Rs. 42,000 in 1088, 45,000 in 1090 and the ordinary grant in 1094 was only Rs. 44,000. But the Budget for 1096 provides only Rs. 43,000. I shall have to deal with the subject of Municipal grant later on. For the present I content myself with pointing out that Government will be obliged to spend much more under this head when they recognise their clear obligations in this respect. Similarly the expenditure under Sanitation has risen from Rs. 72,800 in 1088 only to 73,100 in 1090 and 76,300 in 1094. There will be persistent demand for greater expenditure under these items and no reasonable Government can help recognising that such claims are legitimate.

So too, under Public Works and Irrigation there has been considerable reduction in expenditure. From Rs. 37·88 lakhs in 1090 it has fallen to 26·92 in 1091 though it has since shown a slight increase to Rs. 27·26 in 1093 and 27·90 in 1094. But strangely enough the establishment charges have not gone down at all. I shall have to deal with this later on. The public will continuously demand greater works of public utility being undertaken by the Department. My attempt at reviewing these items of expenditure is only to show that the persistent pressure of public opinion may induce Government to continue to adopt a liberal policy by providing for larger activities in the field of Education, Sanitation, Irrigation, Agriculture, Industries and Public Works. Government will have to find funds to meet these growing demands. It will not be enough to meet them with the easy answer of want of funds or by ordering useful schemes to lie over for ever. But what is the *state of our financial resources?* One cannot certify they are sound and strong. The Land Revenue which as a single item of receipt surpassed all others has shown no proportionate increase relatively to other sources of revenue. On the other hand it has been diminishing in importance. It has been the most inelastic of the sources of revenue. Unless Government pursue the rather unwise policy of giving away thousands of acres of puduvals every year and thus mortgaging the assets of the State for purpose of realising larger receipts, the land revenue does not admit of any larger development without burdening the poor peasantry with an enhanced land tax. It may be of interest to know that the Land Revenue Receipts which formed 29·7% of the total Revenue of the State in 1085 has gone down to 25·7% in 1088, 23% in 1089, 21% in 1093 which percentage alone it has since kept up in spite of the larger sales of puduval lands. The raising of additional income from land means a severer strain on the poorer classes who contribute already more than their [illegible] share of State Revenue. It will be seen that the bulk of the revenue under Drink is derived

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from them. Again a large share of the receipts under Stamps and Registration is contributed by them since the bulk of our litigation is about small amounts. The increased cost of living presses very heavily indeed upon them and as a result of insufficiency of food they take to alcoholic stimulation. It deserves mention that during the recent cholera epidemics the authorities were of opinion that the severity thereof was due to under feeding. In fact the ordinary Travancore ryot is approaching primary poverty more than his brother elsewhere. The observation of Mr. O'Conor, the late Director General of Statistics, that the poorer section of the Indian cultivators as a class contribute most largely to the finances of the State may well be applied to the exhausted peasantry of Travancore as well. Although I was not at first inclined to agree with my Professor K. V. Rangaswami Aiyangar in his view that Government should aim at the abolition of land-tax, on a closer study of the economic conditions of the poor classes and of available statistics on the point, I think the view of that eminent economist ought to prevail. Government should therefore not expect any large increase of revenue under land-tax.

Under Salt and Excise there has been an increase in revenue. But the increase is mainly derived on account of a policy which is denounced by all financiers. The increase in salt revenue is mainly due to the enhanced duty on salt and the increase in excise revenue to increased consumption of liquor. Unless Government is in a position to realise an expanding revenue under salt on an expanding consumption under a diminishing scale of duties, and to realise an increased revenue under excise by reducing consumption and enhancing the scale of duties, the increased receipts under the above items cannot be justified.

Salt. Under the Interportal Convention the duty on foreign salt was raised in 1916 from Re. 1 per maund to Re. 1-4 per maund. But the figures given in the Administration Report show that the quantity required for consumption in this country can be made available here, provided indigenous salt manufacture is properly encouraged by Government. The revenue under salt which was only Rs. 9·9 lakhs in 1085 rose to 11·66 in 1088, and from Rs. 13·90 lakhs in 1091 it has steadily gone up to 15·79 lakhs in 1092 and 17·39 lakhs in 1093 and 17·91 lakhs in 1094. In other words the revenue under salt which was only 7% of the total revenue of the State has now reached 10% of the same. The Government of India statistics show that about 20 years ago the salt revenue formed 10% of the total revenue but that it has been steadily going down. It went down to 4 per cent in 1909-1910 (corresponding to 7 per cent. in 1085) and to 3·1 in 1919-20 (corresponding to 10 per cent. here in 1094). The total quantity required for consumption in Travancore is only between 10 and 11 lakhs of maunds and when it is possible for us to produce all the salt required here I suppose it is legitimate to call the attention of Government to greater efforts being put forward to make the sale of salt cheaper in this country. The figures on the subject are:—

Year.	*Home salt available for issue.*	*Issued for consumption.*	*Total consumption.*
1091	8·04 maunds.	3·05 maunds.	9·99 maunds.
1092	10·10 „	4·50 „	10·43 „
1093	10·22 „	6·63 „	10·86 „
1094	10 „	7·09 „	10·71 „

Excise. The Draft Budget for 1096 provides for a revenue of Rs. 40 lakhs. The steady increase in revenue during the past, the revised estimate for 1095, and the large rentals fetched in the recent auction sales must have induced the Finance Department to anticipate this large revenue. How far the anticipation is justified, I do not propose to discuss now. But it has to be observed that the increase of Excise Revenue is by itself no matter for congratulation. The people would welcome a statement of the Excise policy of Government. The receipts from Excise now form 21 per cent. of the total revenues as is the case with Land Revenue. Statistics relating to consumption of liquor during the past five years reveal a sad story. Till 1090 there was a steady reduction in the number of liquor shops. From 7050 in 1083 the number was reduced to 5103 in 1084 and 2268 in 1090. Subsequent to that year however the figures are as below:—

Year.	*Toddy shops.*	*Arrack shops.*	*Total.*	*Gallons consumed.*
1090	1531	737	2268	1·13 lakhs.
1091	1549	737	2286	0·97 „
1092	1550	719	2269	1·05 „
1093	1550	719	2269	0·95 „
1094	1502	677	2179	1·30

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From 1531 toddy shops in 1090 the number increased to 1550 in 1093 but there was a slight fall by 48 toddy shops and 42 arrack shops although the quantity consumed showed an increase of from 95,300 to 1·30 lakhs of gallons. The increase of revenue under the above circumstances is no matter for jubilation. It behoves Government to anxiously consider whether more effective measures cannot be taken to check the spread of consumption of liquor. In Municipal areas at least the site of establishment of shops must be referred to the Municipality for opinion. If necessary, legislative effect should be given to direction as to local option.

Forest. The value of jungle wood tree growth in puduval lands has been assessed at Rs. 75,000 only for 1096. The resources supplied by forests as a source of revenue do not appear to have been fully availed of by Government. There has been a phenomenal rise in the price of timber and firewood during the past two years with the result that the prevailing rates bear no relation whatever to the rates fixed in the Puduval rules. It is matter for consideration whether Government should forego a portion of the revenue legitimately due to it. It is significant that the rise in the price of firewood timber has synchronised with the sale of puduvals on an extensive scale and the introduction of the system of sales by coupes. The people at large are unable to secure either firewood or timber at anything like the low rate at which Government are obliged to sell the same to the individual registry holder. Besides, the existing system has indirectly resulted in creating a virtual monopoly in favour of these fortunate assignees of puduval lands and of the coupe contractors. Large quantities of fuel and timber materials are being exported outside Travancore where they fetch a higher price. A prohibitive export duty may well be imposed on such fuel and timber. Such an impost will not only bring a substantial revenue to Government but should indirectly help the people to get timber and firewood at normal rates. The Department ought not to hesitate to step in and interfere whenever unfair monopolies have been created to the prejudice of the consumer. When it was brought to the notice of Government that a virtual monopoly has been created in respect of fuel, I was astonished to find the Department stating that they were not prepared to compete with private enterprise and that firewood trade was not a duty of Government. But may I point out that during that very period Government were controlling several articles that were necessaries of life. If rice is a necessary of life, fuel too is such. If Government controlled rice supply, why a change of policy in respect of another necessary of life over which there was a virtual monopoly. Although the Department was till recently of opinion that Government owed no obligation to the people in this respect it is certainly consoling to find that the Department has changed its policy and intends to work out timber and firewood more by departmental agency. Under expenditure an additional Rs. 2 lakhs and 20 thousand has been provided for working down timber departmentally and it is found that the anticipated increase of revenue is only Rs. 3½ lakhs.

The items above referred to and Stamps and Registration constitute the more important of the Heads of Revenue. From the above it may be seen that the *incidence of taxation* presses more heavily on some classes of people while others escape their fair share towards the administration of the State. The trading classes, the professional classes, the petrol and oil agents, the rice contractors and wholesale cloth merchants, the profiteer and the Hundi merchant make huge profits by exploiting the country. They do not even care to own an inch of soil in Travancore but at the same time claim and enjoy all the benefits of a liberal and progressive administration. These classes I say go without adequate taxation. The result is that the *incidence of taxation* is inequitable; the basis of taxation is not elastic enough to include non-agricultural incomes and unearned increments.

The above survey must show that the time has come to review our financial resources, to examine their soundness and strength so as to enable them to meet the forces of growing expenditure. The relative inelasticity of our existing resources and the progressive nature of the obligations of Government demand readjustments and improvements in the existing scheme of taxation, and curtailment of unnecessary expenditure. Elsewhere we find economists have begun to solve the difficulties of after-war finance by devising methods which might strike us as out of the way. Holland has imposed a tax on Christian names and Dr. Marshall suggests a tax on additional servants. But our situation is however far better. Still we have to examine the soundness and strength of our financial position. With a view to carry out these suggestions I would urge upon Government the appointment of a really competent Financial Commission which should represent administrative experience and outside knowledge. The Members of the Commission ought to be persons who have close and intimate knowledge of the social and

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economic condition of the people, who can leave the narrow grooves of official routine and take a full and broad view of the entire situation. I may be pardoned when I say that Government might well refrain from recruiting such a Commission solely on communal basis. It is no caste or class question that is involved but it is a national problem. Whoever is most competent may be put in unfettered by the shackles of communal representation.

In pointing out the need for the appointment of a Financial Commission I have already made my observations on the estimated receipts for 1096. My next suggestion is that larger sums ought to be provided for in the Budget under Municipal grant, Sanitation, Irrigation and Works of public utility.

Foremost of all I would draw the attention of Government to the condition of our Municipalities. Their finances are not strong. The Government subsidies have been comparatively scanty when the needs and resources of the Committees are taken into consideration. The subsidy in 1088 was Rs. 42,664; it rose only to 45,338 in 1090 and 50,000 in 1095. But the estimate for 1096 is only 43,000. Is it only an accident that with the advent of the new Municipal Regulation which invests the councils with greater responsibilities that the subsidy from Government has been reduced from Rs. 50,000 to 43,000. No doubt I am aware the increased expenditure of Rs. 50,000 in 1095 is due to the special allotment of Rs. 6,000 granted to the Trivandrum T. I. C., this year. But the Municipalities are now powerless to undertake any large work of city improvement. I can say from my experience as a Member of the local T. I. C., for the past six years that the Committee have to strain themselves very hard indeed to keep things going on. But for the timely help rendered by Government in 1094 and 1095 by special grants even the primary duties of the Committee would have been left undischarged. The internal working of the Department over which the Committee have no control may perhaps have contributed not a little to the unsatisfactory state of the Committees' finances. But the fact remains that the finances of the Committee are most inadequate to meet the pressing and growing needs of the capital. The receipts have been far below the actual expenditure during the last two years. The Committee are unable to make adequate provision for the prevention of epidemics or for the supply of good drinking water or for keeping the drains clean. Imagine for a moment the inadequacy of an allotment of Rs. 500 for prevention of epidemics in a city where they seem to have come to stay. A perusal of the Committees' Budget estimates for the last two years and the modifications effected therein by Government will prove how far the Committees' recommendations regarding public health arrangement are accepted by Government. It is well-nigh impossible for the Trivandrum Municipality to get on without an additional grant. The resources allowed to Municipalities are inadequate and the financial Chapter in the new Regulation stands in need of early revision.

Government ought to recognise that they have an obligation to make substantial grants in aid of local funds especially for the improvement of the capital. Their obligation does not cease because they have handed over certain duties and certain resources to these Municipalities. Any appreciable improvement in the condition of Municipalities is manifestly impossible without a guarantee as to the financial support which they can expect from Government for a series of years. I would in particular urge for a larger grant being given to Trivandrum Municipality for 1096 especially in view of the many pending schemes of public utility which they would like to see carried out, but which their present hand to mouth existence deters them from undertaking.

Irrigation. Excepting the capital expenditure incurred on account of the Kodayar Project no considerable sum is spent by Government towards improvement of irrigation in other taluks. Government have in Proceedings issued last February admitted the necessity for conducting through the agency of a special officer and staff a careful and systematic investigation of the irrigation sources and facilities in the several parts of the State. It is not known what steps have since been taken in pursuance of this declaration of policy. In a country like Travancore where agriculture is the mainstay of the people and depends on the monsoons which is often untimely and always capricious, the need for conserving the irrigation tanks is self-evident. The repair and restoration of existing tanks is one of the primary duties of Government to the poor ryots. It will be a boon to the agriculturists of Neyyattinkara and neighbouring taluks (which have not been benefited by the Kodayar project) if a scheme for the restoration of the rain-fed tanks can be

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inaugurated and worked out at an early date. The expenditure under Irrigation during the following years is highly discouraging:—

Year.	*Total P. W. D. allotment.*	*Irrigation charges.*
1090	Rs. 32·04 lakhs.	1·95 lakhs. These were mainly incurred in connection with the Kodayar Irrigation project and did not benefit any other part of the State.
1091	21·67 ,,	1·53 ,,
1092	21·18 ,,	1·59 ,,
1093	21·18 ,,	1·54 ,,
1095	25·09 ,, (*revised figure*)	1·25 ,,

The figures themselves do not promise much. But strangely enough the Department is expected to surrender in 1095, Rs. 35,000 out of even this allotment.

Even at the risk of curtailing the allotment which the Department would like to see expended on *public buildings* in Trivandrum or other places, the agriculturist who bears the brunt of the taxation would like to see *more spent upon irrigation works and roads and communications.* Wisely planned irrigation works are bound to prove paying in the long run and it ought to be the policy of Government to annually set apart a substantial sum for such reproductive works. Such expenditure need not be made a charge on the current revenues and may well be incurred out of loans raised for the purpose. In this connection I would refer to the committee appointed some time ago to investigate and report on the condition of irrigation sources in Neyyattinkara and request that, in view of the protracted nature of their deliberations, some relief may be immediately given by providing a substantial amount in the budget for 1096 for the restoration of some of the more important irrigation tanks of the taluk. *In regard to reproductive works generally, I would advocate a much bolder policy than the one which has been followed in the past.* It will be possible for the Government to undertake large schemes for the development of the country such as construction of irrigation works, pioneering of new industries, opening up of new Lines of Railway and finance them by loans raised in the State itself. That there is capital available in the State is amply testified to by the somewhat alarming rapidity with which during this year banking, agricultural and industrial companies have been started. The plea which I ventured to put forward at the beginning for the enunciation of a settled financial policy for a quinquennium would alone make the undertaking of such works possible.

Public Works. One fact that stands out prominently when we compare the expenditure under P. W. D. for the last five years is the reduction in the allotment for works and the retention of an establishment altogether disproportionate to the needs of the Department. The expenditure has fallen from Rs. 37·88 in 90 to 26·92 in 91 and 26·51 in 1093. There has been a slight increase in 1094 when the expenditure was Rs. 27·91 lakhs. But the establishment charges maintain the same high level as five years ago. The figures are as below:—

Year.	*Establishment charges.*
1090	Rs. 4·27 lakhs.
1091	,, 4·10 ,,
1092	,, 4·17 ,,
1093	,, 4·31 ,,
1094	,, 4·33 ,,

So too, the proportion that the expenditure under communication bears to the total expenditure under P. W. D. proper is as follows:—

Year.	*Total Expenditure.*	*Communication.*
1090	Rs. 32·04 lakhs.	15·75 lakhs.
1091	,, 21·67 ,,	10·72 ,,
1092	,, 21·18 ,,	10·83 ,,
1093	,, 21·18 ,,	10·80 ,,
1094	,, 22·23 ,,	11·34 ,,

I would therefore urge a reduction in the establishment charges until Government are in a position to allot more towards works of public utility.

Education. As you have rightly observed, it is the pride of Travancore that she spends a very large proportion of the total expenditure and revenue towards Education. The rise in the percentage of expenditure relatively to the total State expenditure has been from 5 in 1085 to 14·2 in 1094 and 15·9 according to the estimate for 1096. In the course of a decade the increase in expenditure has been four-fold. But one must pause to consider whether all this money has been well spent and there has been an adequate return. When we compare the figures relating to the net expenditure under various heads of education, the unevenness in the distribution comes into prominence.

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NET EXPENDITURE.

Year.	*College.*	*English Schools, Departmental.*	*Aided.*	*Vernacular Schools Departmental.*	*Aided.*
1090	Rs. 1·57 lakhs	1·03 lakhs	15,608	7·31 lakhs.	1·93 lakhs.
1091	„ 1·54 „	1·01 „	23,156	8·07 „	2·13 „
1092	„ 1·53 „	69,830	24,825	8·10 „	2·58 „
1093	„ 1·64 „	33,300	27,696	8·52 „	3·11 „
1094	„ 1·58 „	71,889	26,918	8·74 „	3·49 „

PERCENTAGE OF EXPENDITURE.

Year.	*Collegiate.*	*English.*	*Vernacular.*
1090	9·8	16·50	56·4
1091	9·8	16·50	56·3
1092	9·8	15·37	57·9
1093	9·73	15·05	58·9
1094	9·39	15·50	58·8

These point out the very large percentage of expenditure under *Vernacular Education.* I make no apology when I say that this abnormal increase in expenditure on the Vernacular Education Department would appear to have been partly the result of an absence of a well-defined policy and the anxious desire for advertising mere literacy and partly an eagerness to work up volume even at the sacrifice of efficiency. The increase in the percentage of literacy is no doubt commendable but there should be no antithesis between literacy and education. The multiplication of Higher Grade Vernacular Schools has created a veritable problem. The number of unemployed young men whose education has not enabled them to earn their livelihood, to whom manual labour is undignified, but who are themselves unfit for skilled labour, the number of such young men is a matter for anxiety. The avenues open to them are limited and narrow and there is thus considerable discontent. It is the primary duty of Government to check the growth in their numbers and to devise means for meeting the situation that has been created. The teaching of industries in an infinitesimally small number of elementary schools touches but the fringe of the problem. The institution of a vocational side in all schools, and the multiplication of technical and industrial schools are some of the remedies. It is a slur that an agricultural country like Travancore does not possess an agricultural college. The average earning capacity of the individual Travancore ryot is low, and scientific agriculture alone can increase his income.

There has been a fall of more than 10,000 pupils in 1094 in Vernacular Schools and the Administration Report attributes the fall to the anxiety of the people to give English education to their children and partly to the economic distress. But to me it appears that the present system of vernacular education would only tend to enhance that distress and the country is rightly anxious to give the young men English education.

A greater diffusion of English Education—should be secured in the following ways:—

(1) By reduction, with a view to complete abolition, of fees in all Secondary Schools.

(2) By withdrawing from the conditions now being imposed on the people in the matter of raising the standard of Lower Grade English Schools. The people who make request for raising the standard of English Schools are asked to put up pucka buildings of approved plan and structure, furnish all furniture on up to date models and to provide by endowment a contribution towards any additional expenditure Government may have to incur over and above the school fees. And fulfilment of these conditions to the very letter is being insisted on. When the Department is asked to be more sympathetic in its dealings and conduct towards private enterprise, the term "sympathy" is said to be defined as "loss of efficiency" in the departmental dictionary. From my own experience I submit to you, Sir, that it was after considerable difficulty and heartburning that the people of a few taluks have fulfilled some of these severe conditions. I was saying that greater diffusion of English education should be secured by withdrawing from these severe conditions.

(3) By multiplying the number of Lower Grade English Schools.

(4) By opening Mofussil Secondary Schools for girls. It is regrettable that in Travancore where female education is making so much headway there should be only one departmental Higher Grade English School.

(5) By reducing the number of Higher Grade Vernacular Schools and thereby diverting the pupils from the V class to the preparatory class.

(6) By establishing a few more Secondary Colleges in the State to meet the requirements of a larger number of young men.

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should never be left to the discretion of the local officers. In spite of the rules which enjoin on the Revenue Officers to expedite the registries of puduvals, inordinate delay is quite common. This is because the Revenue officers are saddled with too many duties. Early action should be taken to separate the executive and judicial functions now vested in the Tahsildars and Peishkars. The problem of expenditure need not stand in the way as it has now been proved that in the Cochin State such a reform is possible without any substantial increase in expenditure.

HEAD II—SALT.

The import of foreign salt is a chief feature of the salt business. This import should be stopped as early as possible. The whole quantity of salt required for consumption in the State should be manufactured here. It is generally admitted that the imported salt is not good. In the years 1090, 1091, 1092, 1093 and 1094, salt valued at 7 lakhs, 4¼ lakhs, 4 lakhs, 4½ lakhs, 6¼ lakhs of rupees respectively were imported into the State. No doubt, these imports secure duties to the State, but salt is an article on which Government should not try to make money. No man, rich or poor, can afford to get on without salt for consumption and it should be the aim of the Government to supply salt to the people at as small a cost as possible. In the words of Professor Fawcett, this prime necessary of life should be "as free as the air we breathe and the water we drink". The consumption of salt during the last 5 years was ranging between 9 and 10 lakhs of maunds. The Salt Revenue is nearly 16 lakhs and the expenditure appears to be only 1 lakh and 14 thousand and odd rupees. If the gain that Government make in this direction is reduced, the salt will become cheaper and the consumption will be larger. The consumption per head of the population during the last five years varied between 23 lbs. and 26 lbs. When it is remembered that the population has been steadily increasing during this period, the conclusion is irresistible that the average consumption of salt has not been keeping pace with the growth in population. In the year 1904, in discussing the Budget in the Imperial Council, Mr. Gokhale said "We have an extensive sea-board and salt mines too and can manufacture every pound of salt we need. And yet, under the existing fiscal system, about a third of our supply comes from foreign countries". The above observation applies to Travancore also with this difference that nearly one half of the salt we want is imported from British India.

HEAD III—EXCISE.

The revenue under this head is abnormal. The Government have budgetted for an increase of Rs. 2 lakhs over current year's demand regarding this item. Out of the Rs. 23,54,500 mentioned as Receipts from Abkari and Opium, Rs. 21,00,000 represent the duty and license fee on country liquor and arrack. When it is remembered that the bulk of this amount should come from the poor ryots, the magnitude of the evil that is sought to be perpetrated will be evident. In the Administration Reports for the past five years, it is stated that Government have endeavoured to reduce the number of shops. If this reduction were followed by a reduction in this revenue to a corresponding extent, this could be characterised as a genuine effort towards stopping the evil of drink. But the following figures are instructive. In 1091 there were only 737 arrack shops. The quantities consumed in those shops were 97,040 gallons. In 1092, the number of arrack shops was 719, but the quantity consumed was 1,05,792 gallons. Similarly in 1094 when the number of arrack shops was 677, (the lowest number for the last quinquennium) the quantity consumed was 1,30,238 gallons. These facts will prove that the reduction in the number of shops does not necessarily imply reduction in the alcoholic consumption. The usual argument, of course, is that the large demand of revenue is intended to check the free use of liquor, but this heightened price will not explain such a vast expansion in this revenue. "The growth of Excise Revenue," says Mr. Gokhale, "to the extent to which it is secured by increased consumption only shows that the operations of the Abkari Department, with its tender solicitude for the interest of the legitimate consumer,—a person not recognised by the State in India in Pre-British times—are leading to increased drunkenness in the land. This, of course, means increased misery and is thus the very reverse of an indication of increasing prosperity. Liquor is not like ordinary articles of consumption which a man buys more or less as his means are larger or smaller. When a man takes to drink, he will go without food, and will sacrifice wife and children, if necessary, but will insist on satisfying his craving for the spirituous poison." These words apply with equal force to the conditions of Travancore. The expenditure of the State is calculated on the basis of receipts like these. Any fall in the Excise Revenues will surely upset the calculations of the Government and there will be necessity to draw upon reserves—a contingency that as a rule has to be avoided. A Budget built upon such insecure and unholy foundations is neither clever nor fair to the country. A genuine attempt should be made as early as possible to cut short the expenditure of the State so that this unwholesome traffic in liquor may be discontinued.

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